

## **TVCC Foundation Gift Acceptance Policies and Guidelines**

TVCC Foundation a nonprofit organization organized under the laws of the State of Texas, encourages the solicitation and acceptance of gifts to TVCC Foundation for purposes that will help the TVCC to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to TVCC Foundation for the benefit of any of its programs.

The mission of TVCC Foundation is to support the growth and development of Trinity Valley Community College, its students, faculty and staff. TVCC Foundation fulfills this mission by actively encouraging private gifts from individuals, corporations and foundations.

### **1. Purpose of Policies and Guidelines**

The board of directors of TVCC Foundation and its staff solicit current and deferred gifts from individuals, corporations and foundations to secure the future growth and missions of TVCC. It is the purpose of these policies and guidelines to govern the acceptance of gifts by TVCC Foundation and to provide guidance to prospective donors and their advisors when making gifts to TVCC Foundation. The provisions of these policies shall apply to all gifts received by TVCC Foundation for any of its programs or services.

### **2. Use of Legal Counsel**

TVCC Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Review by counsel is recommended for:

- Review of closely held stock transfers that are subject to restrictions or buy-sell agreements
- Review of documents naming TVCC Foundation as trustee
- Review of all gifts involving contracts, such as bargain sales or other documents requiring TVCC Foundation to assume an obligation
- Review of all transactions with potential conflict of interest that may invoke IRS sanctions
- Other instances in which use of counsel is deemed appropriate by the gift acceptance committee

### **3. Conflict of Interest**

All prospective donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. TVCC Foundation will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving, shown as an appendix to this document.

### **4. Policy on unrestricted gifts**

TVCC Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities.

## **Definitions:**

**Unrestricted gifts-** are gifts that a donor gives to an institution with no restrictions of any kind on how they can be used by the institution.

**Restricted gifts-**are gifts that a donor gives to an institution with restrictions on what the gift can be used for by the institution.

**Endowed scholarships-** scholarships funds that are set up with \$25,000 or more where the corpus of the \$25,000 or more is never used and only the earnings from the TVCC Foundation pulled fund are available for use to disburse to students in the form of scholarships.

**Non-Endowed scholarships-** scholarships funds that are set up with any dollar amount or and can be used until there are no funds left to disburse to students in the form of scholarships.

**Major gift-** any gift given of \$5,000 or more in any form.

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For the purposes of this policy, all unrestricted major gifts received by the TVCC Foundation by a gift agreement and pledge will be distributed in the following way:

- 1) **Any unrestricted gift of \$100,000 or more received by the foundation will be restricted by this policy and allocated to the 1001 endowed general scholarship fund.**
  - 2) **All other unrestricted gifts of \$99,999 or less will be allocated to the general unrestricted fund.**
  - 3) **Restricted gifts will continue to adhere to donor intent and gift agreements.**
5. TVCC Foundation may not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter (or trust document if TVCC Foundation is established under trust), gifts that are too difficult to administer or gifts that are for purposes outside the mission. TVCC Foundation shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal.
6. **The Gift Acceptance Committee**  
The gift acceptance committee shall consist of:
- The Executive Director of TVCC Foundation
  - The treasurer of TVCC Foundation
  - Two members of the executive committee (preferably the Chair and Vice Chair of the Foundation board), appointed by the Executive Director
  - Such other members as appointed by the Executive Director of TVCC
  - Final approval after TVCC Foundation approval by the TVCC Board of Trustees

The gift acceptance committee will review all non-routine gifts made to TVCC Foundation, properly screening and accepting those gifts, and making recommendations to the board on

gift acceptance issues where appropriate. The gift acceptance committee reserves the right to review any gift.

## 7. Types of Gifts

The following gifts are generally acceptable if the guidelines set forth in this section are met:

- Cash
- Tangible personal property
- Securities
- Real estate
- Remainder interests in property
- Oil, gas and mineral Interests
- Bargain sales
- Life insurance
- Charitable gift annuities
- Charitable remainder trusts
- Charitable lead trusts
- Retirement plan beneficiary designations
- Bequests
- Life insurance beneficiary designations

The following guidelines govern the acceptance of each gift form. TVCC Foundation shall decide whether to hold or liquidate all non-cash gifts in its discretion.

- **Cash:** Cash is acceptable in any form. Checks shall be made payable to TVCC Foundation and shall be delivered to the Executive Director of the TVCC Foundation at 100 Cardinal Drive Athens, TX 75751.
- **Tangible personal property:** All other gifts of tangible personal property shall be examined in light of the following criteria;
  - Does the property fulfill the mission of TVCC Foundation and TVCC?
  - Is the property marketable?
  - Are there any undue restrictions on the use, display or sale of the property?
  - Are there any carrying costs for the property?

The gift acceptance committee of TVCC Foundation shall make the final determination on the acceptance of all tangible property gifts.

- **Securities:** TVCC Foundation can accept both publicly traded securities and closely held securities.
- **Publicly traded securities:** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the investment committee. In some cases applicable securities laws may restrict marketable securities; in such instance the gift acceptance committee of TVCC Foundation shall make the final determination on the acceptance of the restricted securities.

- **Closely held securities:** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the gift acceptance committee of TVCC Foundation. However, gifts must be reviewed prior to acceptance to determine that:
  - There are no restrictions on the security that would prevent TVCC Foundation from ultimately converting those assets to cash
  - The security is marketable
  - The security will not generate any undesirable tax consequences for TVCC Foundation

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be obtained before making a final decision on acceptance of the gift. The gift acceptance committee of TVCC Foundation and legal counsel shall make the final determination on the acceptance of the closely held securities where necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

- **Real estate:** Gifts of real estate may include developed property, undeveloped property or gifts subject to a prior life interest. Prior to acceptance of real estate, TVCC Foundation may require an initial environmental review of the property to insure that the property is not contaminated with environmental damage. Environmental inspection forms are attached as an appendix to this document and may be used by TVCC Foundation at its discretion. In the event that the initial report reveals a potential problem, TVCC Foundation shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor, but may sometimes be an expense of the Foundation or college.

Where appropriate, a title commitment shall be obtained by TVCC Foundation prior to the acceptance of the real property gift. The cost of this title commitment shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the gift acceptance committee of TVCC Foundation and by its legal counsel. Guidelines for acceptance of the property shall include:

- Is the property useful for the purposes of TVCC Foundation?
  - Is the property marketable?
  - Are there any restrictions, reservations, easements, leases, or other limitations associated with property?
  - Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
  - Are there any liens, indebtedness or lawsuits involving the property?
  - Are taxes current?
  - Does the environmental audit reflect any potential liability?
- **Remainder interests in property:** TVCC Foundation will accept a remainder interest in personal residence, farm or vacation property, subject to the provisions of the above

paragraph on real estate. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, TVCC Foundation may use the property or reduce it to cash. Where TVCC Foundation estate taxes and any property indebtedness are to be paid by the donor or primary beneficiary.

- **Oil, gas and mineral interest:** TVCC Foundation may accept oil and gas property interests, where appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the gift acceptance committee, and if necessary, by the foundation's legal counsel. Criteria for acceptance of the property shall include:
  - Gifts of surface rights should have a value of \$20,000 or greater.
  - Gifts of oil, gas and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift)
  - The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate
  - If the interest is a working interest the organization should determine the impact on TVCC Foundation so that it may develop a plan to minimize that impact if accepted.
  - The property may, at TVCC Foundation's discretion, undergo and environmental review to ensure that TVCC Foundation has no current or potential exposure to environmental liability.
  
- **Bargain sales:** TVCC Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of TVCC Foundation All bargain sales must be reviewed and recommended by the gift acceptance committee and approved by the board of directors. Factors used in determining the appropriateness of the transaction include:
  - TVCC Foundation must obtain an independent appraisal substantiating the value of the property.
  - If TVCC Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
  - TVCC Foundation must determine that it will use the property, or that there is a market for sale of the property, allowing sale within 12 months of receipt.
  - TVCC Foundation must calculate the costs to safeguard, insure and expense the property (including property tax, if applicable) during the holding period.
  
- **Life insurance:** TVCC Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gifts are valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If TVCC Foundation is only named as a beneficiary (and not as owner), the gift will be listed as revocable. If the donor contributes future premium payments, TVCC Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, TVCC Foundation may:

- Continue to pay the premiums
- Convert the policy to paid up insurance
- Surrender the policy for its current cash value

- **Charitable gift annuities:** TVCC Foundation may offer charitable gift annuities. The minimum gift for funding shall be \$10,000. TVCC Foundation Executive Director may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity.

Annuity payments may be made on a quarterly, semiannual or annual schedule. TVCC Foundation Executive Director may approve exceptions to this payment schedule.

TVCC Foundation will not accept real estate, tangible personal property or any other non-liquid asset in exchange for current charitable gift annuities. TVCC Foundation may accept real estate, tangible personal property or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain and the Executive Director of TVCC Foundation approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to TVCC Foundation's general endowment funds or to such specific fund as designated by the donor.

- **Charitable remainder trusts:** TVCC Foundation may accept designation as remainder beneficiary of the charitable remainder trust with the approval of the gift acceptance committee of TVCC Foundation. TVCC Foundation will not accept appointment as trustee of a charitable remainder trust.
- **Charitable lead trusts:** TVCC Foundation may accept a designation as income beneficiary of a charitable lead trust. The board of TVCC Foundation will not accept an appointment as trustee of a charitable lead trust.
- **Retirement plan beneficiary designation:** Donors and supporters of TVCC Foundation shall be encouraged to name TVCC Foundation as beneficiary of their retirement plans. Such designations shall not be recorded as gifts until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- **Bequests:** Donors and supporters of TVCC Foundation shall be encouraged to make bequests to TVCC Foundation under their wills and trusts. Such bequests shall not be

recorded as gifts to TVCC Foundation until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

- **Life insurance beneficiary designations:** Donors and supporters of TVCC Foundation shall be encouraged to name TVCC Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

## **8. Miscellaneous Provisions**

- **Securing appraisals and legal fees for gifts to TVCC Foundation:** It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to TVCC Foundation.
- **Valuation of gifts for development purposes:** TVCC Foundation and TVCC shall record a gift received at its valuation for gift purposes on the date of gift.

**\* In-Kind value is determined by the donor and their appraiser.**

- **Responsibility for IRS filings upon sale of gift items:** The gift acceptance committee of TVCC Foundation and TVCC are responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt where the charitable deduction value of the item was \$5,000 or greater. TVCC Foundation must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.
- Acknowledgement of all gifts made to TVCC Foundation and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the board of TVCC Foundation. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* are to these policies as an Appendix.

## **9. Changes to Policies**

These policies and guidelines have been reviewed and accepted by the gift acceptance committee of TVCC Foundation. The gift acceptance committee of TVCC Foundation must approve any changes to or deviations from these policies.

Approved on the 23rd \_\_\_\_\_ day of September \_\_\_\_\_, 2019.



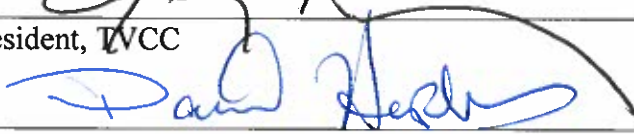
Chairperson, Foundation Board of Directors, TVCC Foundation



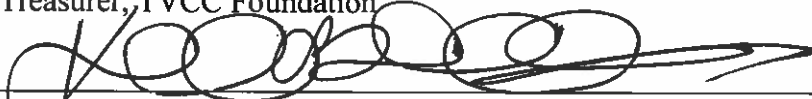
Chairperson, TVCC Board of Directors



President, TVCC



Treasurer, TVCC Foundation



Executive Director, TVCC Foundation